

Message Text

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10

ACTION ARA-20

INFO OCT-01 ISO-00 NEA-10 EB-11 COME-00 INT-08 FEA-02

SCI-06 OMB-01 TRSE-00 CIAE-00 DODE-00 PM-07 H-03

INR-10 L-03 NSAE-00 NSC-10 PA-04 RSC-01 PRS-01 SPC-03

SS-20 USIA-15 OPIC-12 EUR-25 DRC-01 AID-20 /194 W

----- 122187

R 162238Z JAN 74

FM AMEMBASSY QUITO

TO SECSTATE WASHDC 9684

INFO AMEMBASSY BOGOTA

AMEMBASSY CARACAS

AMEMBASSY LIMA

AMCONSUL GUAYAQUIL

LIMITED OFFICIAL USE QUITO 0320

E.O. 11652: N/A

TAGS: ENRG, EC

SUBJECT: ENERGY: GOE CONSIDERING BARTER OF CRUDE

REF: QUITO 0101

1. ALTHOUGH TALKS BETWEEN THE GOE AND TEXACO-GULF ON GOE'S DEMAND TO PURCHASE 25 PERCENT EQUITY IN TEXACO-GULF OPERATION HAVE NOT BEGUN, GOE MINISTRIES ARE THINKING AHEAD TO DAY WHEN GOVERNMENT WILL HAVE CRUDE FOR SALE OR BARTER. PRESS COVERAGE AND ANNOUNCEMENTS DURING THE VISIT OF MEXICAN FONMIN RABASA (SEPTTEL) MAKE NO MENTION THAT SALE OF ECUADOREAN CRUDE FIGURED IN THE TALKS AT QUITO. THIS DOES NOT, OF COURSE, MEAN THAT THE MATTER WAS NOT EXPLORED.

2. THE MINISTRY OF AGRICULTURE IS THE SOURCE OF A PRESS ITEM SAYING THAT ECUADOR WILL SEEK BARTER ARRANGEMENTS OF CRUDE FOR AGRICULTURAL INPUTS. IN PRIVATE CONVERSATION,
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MINAG OFFICIAL CONFIRMS THAT A PROPOSAL TO EXCHANGE ECUADOREAN

CRUDE FOR ROMANIAN FERTILIZER IS UNDER DISCUSSION. IT IS ALSO STILL RUMORED THAT PART-PAYMENT IN CRUDE MAY FIGURE IN FINANCING THE PURCHASE OF PETROLEUM REFINERY THAT HAS BEEN AWARDED TO JAPAN'S SUMITOMO-CHIYODA. IN ADDITION, DUPONT REPRESENTATIVES RECENTLY PROPOSED TO STATE OIL COMPANY CEPE A DOWNSTREAM INVESTMENT IN A PETROCHEMICAL PROJECT IN U.S. WITH EQUITY TO BE PURCHASED WITH CRUDE. ECUADOR WOULD HAVE ACCESS TO PETROCHEMICAL OUTPUT.

3. COMMENT:. THE ABOVE ARE PROBABLY ONLY THE FIRST OF MANY BARTER PROPOSITIONS THAT WILL OCCUR TO GOE OR BE PLACED BEFORE GOE BY FOREIGN GOVERNMENTS AND COMPANIES. A SOURCE IN MINISTRY NATURAL RESOURCES SAYS GOE IS LISTENING TO ALL SUGGESTIONS AND HAS NO FIXED IDEAS YET. AS A SMALL IMPORTER OF INDUSTRIAL RAW MATERIALS AND SEMI-FINISHED PRODUCTS, INCLUDING PETROCHEMICALS, ECUADOR HAS EXPERIENCED GREAT DIFFICULTY IN OBTAINING DESIRED FLOW OF SUPPLIES THROUGH NORMAL COMMERCIAL CHANNELS IN PAST SIX MONTHS. IN GOVERNMENT CIRCLES IT IS ARGUED THAT OFFER OF CASH PURCHASE IS NO LONGER SUFFICIENT TO OBTAIN SUPPLIES OF SCARCE MATERIALS BUT OUTRIGHT BARTER OF CRUDE OR CONDITIONAL SALES OF CRUDE WILL ASSURE THESE SUPPLIES. ALL INDICATIONS ARE THAT GOVERNMENT-ARRANGED CONDITIONAL AND BARTER SALES OF CRUDE ARE IN THE OFFING.
BREWSTER

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Message Attributes

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